



## Michigan Nonprofit Association

Thank you Chairman Brandenburg and members of the Senate Finance committee for taking up SB107 – a bill that clarifies the Michigan Sales Tax for nonprofit organizations with regard to their fundraising expenses. My name is Christina Kuo, Sr. Director of Public Policy & Public Affairs for the Michigan Nonprofit Association.

MNA fully supports this smart and straight-forward legislative solution. The current section of the Michigan Sales Tax is ambiguous as applied as to whether a charitable organization's fundraising and administrative expenses in order to carry out the primary purpose, as stated in the nonprofit's articles of incorporation, are exempt from the sales tax.

By adding the additional language of "OR TO RAISE FUNDS OR OBTAIN RESOURCES NECESSARY TO CARRY OUT THE PURPOSES OF THE ORGANIZATION," it makes it clear to charitable organizations, regulators, and tax preparers, that even though fundraising is not stated as a primary purpose, those expenses are not subject to the sales tax. A nonprofit needs to raise money in order to perform the primary purpose of the organization so to differentiate that from its primary purpose creates administrative problems and an uneven application of the law. For example, should there be a distinction between thank you notes purchased to thank volunteers for helping clean up a park versus ones purchased to thank donors who gave money to cover costs associated with the park clean up?

MNA hopes the committee will support this straight forward and smart change to a currently unclear law. The ambiguity would free up more resources – time and money - for the increasing demands for nonprofit services.